

Message Text

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12

ACTION AF-06

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 OMB-01 AID-05 EB-07 COME-00 TRSE-00

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FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 4072

INFO AMEMBASSY ABIDJAN

AMEMBASSY BAMAKO

AMEMBASSY CONAKRY

AMEMBASSY LAGOS

AMMMBASSY LONDON 0610

AMEMBASSY NOUAKCHOTT

AMEMBASSY TEHRAN

AMEMBASSY BANJUL

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SUBJ: VISIT OF EMPRESS FARAH PAHLAVI: ECONOMIC HIGHLIGHTS

REF: A) TEHRAN 1980, B) STATE 40303, C) DAKAR 0445

1. EMPRESS FARAH PAHLAVI VISITED SENEGAL FEB 25-29
TO LAY CORNERSTONE OF KEUR FARAH PAHLAVI, TOWN TO BE
BUILT AROUND SENEGALESE-IRANIAN PETROCHEMICAL COMPLEX IN THIES
REGION OF SENEGAL. PRIME MINISTER ABBAS HOVEYDA AND DIRECTO-
GENERAL NATIONAL IRANIAN OIL COMPANY (NIOC) DR. MANOUTCHEHR
EGHBAL ACCOMPANIED EMPRESS FOR DISCUSSIONS WITH GOS OFFICIALS
ON WIDE RANGE OF POLITICAL AND ECONOMIC ISSUES. POLITICAL ASPECTS
AND GENERAL TONE OF VISIT BEING REPORTED SEPTEL.

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2. SENEGALESE AND IRANIANS HAD THREE MAJOR ECONOMIC SUBJECTS

UNDER DISCUSSION: STRUCTURE OF IRASENCO, PROJECT FINANCING AND AWARDING OF CONTRACTS. SEVERAL FUTURE INDUSTRIAL PROJECTS AT CAYAR SITE WERE ALSO PUT FORTH BY SENEGALESE.

3. STRUCTURE OF IRASENCO: CONFUSED LINES OF DECISION MAKING AND OVERLAPPING RESPONSIBILITIES HAVE CAUSED PROBLEMS WITHIN IRASENCO ORGANIZATION. IRASENCO IS DIRECTED BY REZA FALLA, DEPUTY DIRECTOR, NIOC. COUNCIL OF ADMINISTRATION CONSISTS OF FIVE FROM SENEGALESE SIDE (MINISTERS OF FINANCE, INDUSTRIAL DEVELOPMENT, PLANNING; JOSEPH GOLAN, DIARAF DIOUF) AND FIVE IRANIANS (STEPHANIAN, HAMAYOON KHOSROVANI, AND THREE OTHERS UNKNOWN TO EMBASSY). SOME MEMBERS OF COUNCIL OWE THEIR POSITION MORE TO PERSONAL INFLUENCE THAN TO ABILITY, AND THEIR RESPONSIBILITIES ARE UNDEFINED. THERE HAVE ALSO BEEN MISUNDERSTANDINGS BETWEEN MINISTERS AND "TECHNOCRATS." IT HAS NOW BEEN DECIDED THAT STEPHANIAN AND GOS FINANCE MINISTER BABACAR BA WILL BE CONSIDERED PRIMUS INTER PARES ON THEIR RESPECTIVE SIDES, WHILE OTHER COUNCIL MEMBERS WILL HAVE SPECIFIC RESPONSIBILITY FOR LIMITED PARTS OF PROJECT. WE DOUBT THIS WILL COMPLETELY RESOLVE PROBLEM.

4. FINANCING. AS PREVIOUSLY REPORTED, GOI WILL PUT UP 100 PERCENT OF FINANCING FOR REFINERY AND AT LEAST 51 PERCENT OF FINANCING FOR FERTILIZER PLANT AND MINE. IRAN HAS OFFERED TO ASSIST SENEGALESE OBTAIN OPEC OR PRIVATE FINANCING FOR BALANCE. GOI WILL GUARANTEE LOANS ON PORTIONS WHICH IT DOES NOT FINANCE. IRAN UNWILLING TO FINANCE ENTIRE PROJECT NOT ONLY BECAUSE OF COST BUT ALSO TO ENSURE GREATER SENEGALESE STAKE IN SUCCESS. RESOURCE CONSTRAINTS ON IRANIAN FINANCES DO NOT APPEAR TO HAVE AFFECTED COMMITMENT TO PROJECT ALTHOUGH IMPLEMENTATION MAY HAVE TO BE SLOWED DOWN.

5. ASIDE FROM CONTRACT FOR NITROGENOUS FERTILIZER PLANT, WHICH HAS LONG SINCE BEEN AWARDED TO N'REN OF OHIO, CONTRACTS FOR MINE, REBUNERY AND PORT ARE STILL UNDER DISCUSSION. KRUPP HAS BEEN ASKED TO DO FEASIBILITY STUDY FOR PHOSPHATE MINE WHICH MAY LEAD TO OVERALL CONTRACT. KRUPP WAS CHOSEN OVER PARSON-JURDEN AND RHONE-PROGIL BECAUSE OF GOI PARTNERSHIP IN KRUPP. HOWEVER, PARSONS-JURDEN IS STILL IN RUNNING AND WILL BE ABLE TO PRESS THEIR CASE TO DIARAF DIOUF DURING HIS IV TRIP TO LIMITED OFFICIAL USE

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US. TECHNIQUEPETROL, SNAM-PROJETTI, PROCONSUL AND KOPPERS-FOSTER WHEELER REFINERY BIDS ARE STILL BEING STUDIED. IRASENCO IS "LEANING" TOWARD PROCONSUL BID. IT IS ALSO POSSIBLE THAT FIRM WINNING REFINERY CONTRACT WILL BE ASKED TO DO PHOSPHATE MINE AS WELL. FOUR FIRMS INCLUDING SOROS ARE COMPETING FOR PORT. ON BASIS OF OUR CONVERSATIONS WITH LOCAL SOURCES, THESE CONTRACTS WERE DISCUSSED INTENSIVELY DURING VISIT AND ARE MOVING TOWARD DECISION. FINAL DECISIONS MAY BE ANNOUNCED DURING

VISIT OF PRESIDENT SENGHOR TO IRAN IN APRIL.

6. EMBASSY COMMENT: ATMOSPHERICS SURROUNDING THIS VISIT WERE EXCELLENT AND MUST HAVE CONTRIBUTED TO SMOOTHING OUT PERSONAL TENSIONS WITHIN IRASENCO. EMBOFFS HAVE MET TWO IRANIANS WHO ARRIVED DURING VISIT TO TAKE UP PERMANENT POSITIONS ON IRASENCO BOARD WITH ORDERS TO GET PROJECT MOVING. ALTHOUGH NO FINAL COMMUNIQUE WAS ISSUED, PUBLISHED REMARKS BY BOTH EMPRESS AND PRESIDENT SENGHOR UNDERLINE COMMITMENT TO (COOPERATION) GOING FAR BEYOND ECONOMICS OF PROJECT ITSELF (SEE SEPTTEL).
AGGREY

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